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SUBJECT: JULY TRADE AND INVESTMENT BRIEFS

SUMMARY

11. This is an update on the following trade and investment news from Peru:

Trade

- Peru and the EU - In Final Negotiations for FTA
- Peru-Singapore FTA Enters into Force on August 1
- Peru-Japan Conclude Second Round of Negotiations
- Other Trade Agreements on the Horizon
- Peru Takes Over Presidency of the CAN

Investment

- Taco Bell May Return to Peru
- Peruvians Support Foreign Investment
- Bolivian Textile Companies Look to Peru

PERU AND THE EU - IN FINAL NEGOTIATIONS FOR FTA

One additional round of negotiations will be required before Peru and the EU conclude a free trade agreement. The round will most likely occur in September or October of this year. The EU held its fifth round of negotiations from July 20-24 in Lima with Peru and Colombia. Ecuador pulled out of the negotiations. Parties had hoped negotiations would have concluded during the fifth round, however, several technical (not political) issues remain outstanding.

PERU-SINGAPORE FTA ENTERS INTO FORCE ON AUGUST 1

Peruvian Minister of Trade and Tourism Martin Perez announced that the Peru-Singapore free trade agreement (FTA) will enter into force on August 1. Negotiations for the agreement ended in August 2007. The FTA includes a Customs Cooperation Agreement.

PERU-JAPAN CONCLUDE SECOND ROUND OF NEGOTIATIONS

Peru and Japan concluded their second round of FTA negotiations. The next round will be held in August. The Peruvian Minister of Trade and Tourism remains confident that an agreement will be reached by the end of the year or at the latest early in 2010.

OTHER TRADE AGREEMENTS ON THE HORIZON

While attending the Asia Pacific Economic Cooperation (APEC) forum in Singapore, the Peruvian Minister of Trade and Tourism commented on Peru's status with respect to various trade agreements. Peru continues to make strides in reaching a conclusion on implementation

for entry into force with Thailand and for completing negotiations with South Korea. Peru remains interested in negotiating free trade agreements with Australia and New Zealand and a customs agreement with Vietnam. The Minister announced that by next November Peru and Mexico will either finalize discussions on a free trade agreement or an improved Economic Complementation Agreement (ACE) between the countries.

On the other side of the Pacific, Peruvian Vice-Minister for Trade, Edurado Ferreyros, announced that in 2010, Peru plans to begin negotiations for free trade agreements with Russia, India, Morocco, CAFTA, and South Africa. Even after the appointment of a new Minister of Trade and Tourism, the Government of Peru continues on track with its plans to expand trade worldwide.

PERU TAKES OVER PRESIDENCY OF THE CAN

On July 22, Peru took over the Presidency of the Andean Community (CAN). The regional trading organization celebrates its fortieth anniversary this year.

TACO BELL MAY RETURN TO PERU

The President of YUM! Brands, Inc., David Novak, announced that the company will be entering several new markets. He indicated that Peru may be one of the countries under consideration.

PERUVIANS SUPPORT FOREIGN INVESTMENT

A poll conducted this month by the Catholic University showed that 74% of Peruvians residing in Lima believed that foreign investment benefits Peru. The poll included all age groups and socioeconomic

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sectors. However, this view does not extend to Chilean investment, with 54% of those polled (Lima residents) rejecting it.

BOLIVIAN TEXTILE COMPANIES LOOK TO PERU

The Bolivian Institute for Foreign Trade (IBCE) noted that Bolivian textile companies that benefitted from preferential tariff treatment under the ATPDEA are now looking to relocate to Peru and other countries. Peru is an attractive location given the PTPA.
MCKINLEY